STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

MidAmerican Energy Company Application of MidAmerican Energy Company for (i) a Certificate of Public Convenience and Necessity, pursuant to Section 8-406 of the Public Utilities Act, to construct, operate and maintain a 345,000 volt electric transmission line in Rock Island, Mercer, Henry and Knox Counties, Illinois; (ii) an order pursuant to Section 8-503 of the Public Utilities Act approving construction of the 345,000 volt electric transmission line; (iii) an order pursuant to Section 8-509 of the Public Utilities Act authorizing use of eminent domain; and (iv) such other relief as may be necessary.	:	**Docket No. 14-0494**

DRAFT ORDER

Dated _____, 2015

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By the Commission:

I. Procedural History

In this proceeding, MidAmerican Energy Company ("MidAmerican") filed a Verified Petition with the Illinois Commission ("Commission") on August 4, 2014. MidAmerican therein requested that the Commission (i) grant a Certificate of Public Convenience and Necessity pursuant to Section 8-406 of the Public Utilities Act [220 ILCS 5/8-406] authorizing MidAmerican to construct, operate, and maintain a 345,000 volt electric transmission line in Rock Island, Mercer, Henry, and Knox Counties, Illinois; (ii) issue an order pursuant to Section 8-503 of the Public Utilities Act [220 ILCS 5/8-503] authorizing and approving construction of the 345,000 volt electric transmission line; (iii) issue an order pursuant to Section 8-509 of the Public Utilities Act [220 ILCS 5/8-509] authorizing the use of eminent domain; and (iv) such other relief as may be necessary.

Petitions for leave to intervene were filed by the Knox County Landowners, Charles R. and Annette L. Zelnio, Randall W. Moon, Richard T. Moon, G. Roger Moon, and Kathryn Moon Trust (collectively; "Landowners") on October 28, 2014. All petitions for leave to intervene were granted by the Administrative Law Judge on November 10, 2014.

MidAmerican filed the direct testimonies of Steve J. Ambrose, K. Thomas Albertson, Thomas C. Mielnik, James P. Swanson, David A. Lane, Jesse Leckband, Thomas B. Specketer, and Todd Schatzki with its Verified Petition on August 4, 2014. Pursuant to direction, MidAmerican refiled the direct testimony of Thomas C. Mielnik, James P. Swanson, and Todd Schatzki on October 30, 2014, and designated such testimony as "Need" direct testimony.

The Staff of the Illinois Commerce Commission ("Staff") filed the direct testimony of Greg Rockrohr and Michael McNally on December 11, 2014. Mr. Rockrohr filed direct testimony and "Need" direct testimony. The Landowners did not file direct testimony.

MidAmerican filed the rebuttal testimonies of Steve J. Ambrose, David A. Lane, and Jesse Leckband on March 5, 2015. MidAmerican also filed the "Need" rebuttal testimonies of Thomas C. Mielnik, James P. Swanson, and Todd Schatzki on March 5, 2015.

Staff filed the rebuttal testimony and the "Need" rebuttal testimony of Greg Rockrohr on April 2, 2015. The Landowners did not file rebuttal testimony. No party filed surrebuttal testimony.

Other submissions that were filed with the Commission are listed on e-Docket.

Pursuant to due notice, status hearings were held in this matter before the Administrative Law Judge at the Commission's office in Springfield, Illinois on October 16, 2014, January 6, 2015 and April 29, 2015. Pursuant to notice given in accordance with the Public Utilities Act and the rules and regulations of the Commission, an evidentiary hearing was held on May 12, 2015. At the evidentiary hearing, appearances were entered on behalf of MidAmerican, Staff, and the Landowners. All previously filed direct testimony, "Need" direct testimony, rebuttal testimony, and "Need" rebuttal testimony were admitted by affidavit. At the evidentiary hearing, the Administrative Law Judge directed MidAmerican to file an exhibit clarifying the exhibits detailing MidAmerican's request for eminent domain authority. MidAmerican filed the exhibits on May 18, 2015. On May 21, 2015, the Administrative Law Judge admitted the exhibits into evidence and marked this matter "Heard and Taken".

II. APPLICABLE STATUTORY AUTHORITY

Section 8-406 of the Public Utilities Act, Certificate of public convenience and necessity, provides as follows in subsection 8-406(b):

> No public utility shall begin the construction of any new plant, equipment, property or facility which is not in substitution of any existing plant, equipment, property or facility or any extension or alteration thereof or in addition thereto, unless and until it shall have obtained from the Commission a certificate that public convenience and necessity require such construction. Whenever after a hearing the Commission determines that any new construction or the transaction of any business by a public utility will promote the public convenience and is necessary thereto, it shall have the power to issue certificates of public convenience and necessity. The Commission shall determine that proposed

construction will promote the public convenience and necessity only if the utility demonstrates: (1) that the proposed construction is necessary to provide adequate, reliable, and efficient service to its customers and is the least-cost means of satisfying the service needs of its customers or that the proposed construction will promote the development of an effectively competitive electricity market that operated efficiently, is equitable to all customers, and is the least cost means of satisfying those objectives; (2) that the utility is capable of efficiently managing and supervising the construction process and has taken sufficient action to ensure adequate and efficient construction and supervision thereof: and (3) that the utility is capable of financing the proposed construction without significant adverse financial consequences for the utility or its customers.

Section 8-503 of the Public Utilities Act, provides, in part, as follows:

> Whenever the Commission, after a hearing, shall find that additions, extensions, repairs or improvements to, or changes in, the existing plant, equipment, apparatus, facilities or other physical property of any public utility or of any 2 or more public utilities are necessary and ought reasonably to be made or that a new structure or structures is or are necessary and should be erected, to promote the security or convenience of its employees or the public or promote the development of an effectively competitive electricity market, or in any other way to secure adequate service or facilities, the Commission shall make and serve an order authorizing or directing that such additions, extensions, repairs, improvements or changes be made, or such structure or structures be erected at the location, in the manner and within the time specified in said order; provided, however, that the Commission shall have no authority to order the construction, addition or extension of any electric generating plant unless the public utility requests a certificate for the construction of the plant pursuant to Section 8-406 and in conjunction with such request also requests the entry of an order under this Section.

Section 8-509 of the Public Utilities Act, Eminent domain, provides, in part, as follows:

> When necessary for the construction of any alterations, additions, extensions or improvements ordered or authorized under Section 8-406.1, 8-503, or 12-218 of this Act, any public utility may enter upon, take or damage private property in the manner provided for by the law of eminent domain.

III. BACKGROUND AND RELIEF SOUGHT

MidAmerican is an Iowa corporation engaged in the business of supplying gas and electricity to the public in the cities of Rock Island, Moline, East Moline, Silvis and Milan, Illinois and several other municipalities and unincorporated areas within the State of Illinois. MidAmerican is a public utility within the meaning of Section 3-105 of the Public Utilities Act. 220 ILCS § 5/3-105.

MidAmerican is proposing to construct, own, operate and maintain approximately 32.05 miles of double circuit 345,000/161,000 volt ("345 kV/161 kV") electric transmission line over an existing 161 kV line corridor in Rock Island, Mercer, Henry, and Knox Counties, Illinois. The proposed line will rebuild an existing 161 kV electric transmission line to add a new 345 kV electric transmission line.

MidAmerican's proposed 345-kV line is one of two components comprising the Multi-Value Project-16 ("MVP-16") approved by the Midcontinent Independent System Operator ("MISO") in 2011. MISO approved a portfolio of 17 electric transmission projects throughout the MISO footprint to enhance the ability to interconnect and deliver generation, including substantial amounts of renewable generation; to provide both system and local area reliability benefits; and to decrease congestion in the MISO footprint. MidAmerican's component of the MVP-16 Project consists of a double-circuit 345 kV/161 kV line from Oak Grove in Rock Island County to a site east of Galesburg in Knox County. MidAmerican Exhibit 1.0 at 5. The second component is a single circuit 345 kV line from the site east of Galesburg to the Fargo Substation in Peoria County which is the subject of a petition for certificate for public convenience and necessity filed by Ameren Transmission Company of Illinois ("ATXI") in Docket No. 14-0514.

In addition to requesting a certificate of public convenience and necessity for its portion of the MVP-16 Project, MidAmerican is requesting a Commission order pursuant to Section 8-503 of the Public Utilities Act authorizing and directing that the proposed line be built. MidAmerican is also requesting a Commission order pursuant to Section 8-509 of the Public Utilities Act granting MidAmerican eminent domain authority to timely acquire the necessary rights-of-way across the tracts for which MidAmerican has been unable to acquire easements.

IV. NEED FOR THE PROPOSED PROJECT

MidAmerican presented three witnesses in support of the need for the proposed line. They were Thomas C. Mielnik, Manager of the Electric System Planning Department, James P. Swanson, Principal Engineer in the Electric System Planning Department, and Todd Schatzki, Vice President with Analysis Group Inc.

Mr. Mielnik testified that the MVP-16 Project in its entirety is necessary to provide adequate, reliable and efficient service to MidAmerican's customers, is equitable to all MidAmerican customers, and is the least cost means of satisfying the service needs of MidAmerican's customers. Mr. Mielnik testified that the MVP-16 project consists of two segments: a section of 345 kV line approximately 32 miles long that will be owned by MidAmerican and a section approximately 39 miles long that will be owned by Ameren Transmission Company of Illinois ("ATXI"). MidAmerican's portion of the MVP-16 project will consist of a 345 kV/161 kV double-circuit transmission line from the Oak Grove Substation in Rock Island County to a new ATXI 345 kV-161 kV substation called the Sandburg Substation, located adjacent to the existing Galesburg Substation in Knox County and related facilities. MidAmerican Exhibit 3.0 N at 6.

Mr. Mielnik testified that the MVP-16 project is one of 17 projects approved by the Midcontinent Independent Transmission System Operator, Inc. ("MISO") as part of MISO's Transmission Expansion Plan ("MTEP") in December 2011. Mr. Mielnik noted that MISO undertook a multi-year planning process in 2008 aimed at addressing the regional transmission plans necessary to enable renewable portfolio standards to be met at the lowest delivered energy cost. This effort evolved into the MISO Portfolio of projects, including MVP-16, which identified transmission expansions that were consistent with regional needs and which would also provide benefits on local area transmission systems. MidAmerican Exhibit 3.0 N at 17-19.

Mr. Mielnik further testified that, in conjunction with the other MVP projects, MVP-16 in its entirety meets energy policy requirements, provides transmission congestion relief, production cost savings, operating reserve margin benefits, system planning reserve benefits, transmission line loss reduction, wind turbine investment benefits, and reliability benefits. Specifically, MVP-16 provides an additional 345 kV line directly connecting the western Illinois and central Illinois transmission systems. Such an additional connection provides significant benefits to Iowa and Illinois such as providing capacity assistance during periods of high electrical demand and during system emergencies. MVP-16 also provides congestion relief which currently exists on the Oak Grove to East Galesburg 161 kV line, and provides for future renewable generation. Mr. Mielnik provided a table listing 17 constraints that are mitigated by the proposed MVP-16 line. The construction of MVP-16 would significantly improve the west to east transfer capability in Illinois. MidAmerican Exhibit 3.0N at 7-12.

Mr. Mielnik also noted that MVP-16 enables subregional and regional benefits in addition to providing benefits to MidAmerican's customers. Through the MISO tariff, the costs of MVP-16 are allocated across the full MISO footprint so that all entities that benefit from the project would pay the costs. Consequently, the MVP-16 project is equitable to all MidAmerican customers. MidAmerican Exhibit 3.0N at 14-15.

MidAmerican witness James P. Swanson explained the electric reliability benefits of the proposed MVP-16 project. Mr. Swanson testified that MidAmerican performed several power flow contingency analyses which showed several year 2021 shoulder load double branch contingency cases resulting in overloads of the existing Oak Grove to Mercer 161-kV line. Mr. Swanson provided a table listing seven shoulder load double contingencies resulting in facility overloads greater than 112% of rating. MidAmerican Exhibit 4.0N at 7; MidAmerican Exhibit 4.1N. In contrast, with the MVP-16 project in place, none of the analyses indicated an overloading of the rebuilt line. Mr. Swanson also identified a 2021 shoulder load single contingency overload condition.

Mr. Swanson testified that it was not reasonable to upgrade the existing Oak Grove to East Galesburg 161 kV line and not build the Oak Grove to Sandburg 345 kV line. Mr. Swanson noted that the additional capacity provided by the Oak Grove to Sandburg 345 kV is needed for future load growth and to provide a robust system design to meet operating conditions such as extreme weather conditions, facility outages due to storm damage, scheduled line and terminal facility maintenance, equipment facilities, future wind generation development, high load forecasts, increased power transfer levels, and generator retirements and additions. MidAmerican Exhibit 4.0N at 8-9.

Mr. Swanson also testified that the MVP-16 project would provide a third 345 kV transmission source to the Oak Grove 345 kV Substation, one of four 345/161 kV substations serving the Quad Cities 161 kV system. The construction of the MVP-16 line will allow the Oak Grove 345/161 kV Substation to remain in service when both of the existing 345 kV lines are out of service, in addition to providing a new 345 kV transmission source to the Galesburg area. MidAmerican Exhibit 4.0N at 9.

Dr. Todd Schatzki provided an analysis of the extent to which MVP-16 in its entirety will promote the development of an effectively competitive electricity market that operates effectively and is equitable to all customers. Dr. Schatzki concluded that MVP-16 will support the construction of more generation capacity and increase import capability into the MISO Illinois region. This results in more electricity supply being available to serve MISO Illinois region customers. Dr. Schatzki estimated the amount of additional supply available to serve the MISO Illinois region from MVP-16 and the resulting change in wholesale electric energy prices. Dr. Schatzki's analysis indicated that prices in the competitive wholesale electricity markets operated by MISO in the MISO Illinois region will fall once MVP-16 is fully placed into service. Price reductions in the wholesale market would result in lower retail prices as retail suppliers pass on the lower MVP-16 related wholesale costs to their customers. In addition, Dr. Schatzki provided an estimate of the net reduction in electricity payments made by MISO Illinois region customers considering the lower wholesale electricity prices and those customers' expected shares of the increased transmission payments required to fund MVP-16. Based on the evidence about expanded supply, lower wholesale electricity prices, and lower net customer payments, Dr. Schatzki concluded that MVP-16 "will promote the development of an effectively competitive electricity market that operates efficiently… and …. is equitable to all customers" consistent with Section 8-406 of the Public Utilities Act. MidAmerican Exhibit 8.0N at 4-5.

Dr. Schatzki employed a two-part analysis. The first part used the PROMOD IV market simulation model ("PROMOD") to estimate future locational marginal prices in MISO Illinois with and without MVP-16. The PROMOD Model simulates the operation of the regional generation and transmission system and reflects a variety of generator operating characteristics and constraints and transmission system topology and limits. Dr. Schazki noted that the PROMOD analysis quantifies the lower wholesale electric energy prices that will result from MVP-16, but does not quantify other potential wholesale electricity market benefits such as lower operating reserve and capacity requirements which would lead to lower costs. The PROMOD analysis, therefore, understates the full range of market benefits that can be expected from the operation of MVP-16. MidAmerican Exhibit 8.0N at 9-12.

The second part of the analysis quantifies the extra wholesale electric energy supply made available to the market area as a result of the construction of MVP-16. Making more supply available to a market area promotes the development of an effectively competitive electricity market and results in lower prices in that market. Dr. Schatzki noted there are two portions to the second part of the analysis. The first portion involves developing an estimate of the *additional in-region supply* as a result of MVP-16. In-region supply refers to electric generating capacity located within the MISO Illinois region. The second portion of the Part 2

economic capacity analysis involves developing an estimate of the *additional import capability* into the MISO Illinois region as a result of MVP-16.

Concerning the development of additional in-region supply, Dr. Schatzki examined three different periods defined as Summer Extreme Peak, Summer Peak, and Off-Peak. Dr. Schatzki first determined the competitive market price for each of these periods by using the weighted average of the locational marginal prices in the MISO Illinois region produced by the PROMOD analyses during the hours comprising each period. He then quantified the amount of in-region capacity for each scenario on a "with MVP-16" and "without MVP-16" basis. MidAmerican Exhibit 8.0 N at 13-14.

Concerning the development of additional import capability into the MISO Illinois region as a result of MVP-16, the PROMOD analysis was used to determine the maximum hourly flows into the MISO Illinois region with and without MVP-16. The changes in the maximum flows between the "without MVP-16" and with MVP-16" cases provided estimates of the additional amount of economic capacity available to the MISO Illinois region from outside the region as a result of MVP-16. MidAmerican Exhibit 8.0N at 14-15.

The results of Dr. Schatzki's analysis are described in MidAmerican Exhibits 8.3N through 8.6N. MidAmerican Exhibit 8.3N indicates that wholesale energy prices in the MISO Illinois region are lower with MVP-16. This is true for all of the scenarios evaluated. MidAmerican Exhibits 8.4N and 8.5N show net reductions in payments for wholesale electric energy from MVP-16 for each of the scenarios. This net reduction in payments reflects both reductions in wholesale energy payments and reductions in MISO Illinois customers' estimated shares of the transmission expenses to support MVP-16. MidAmerican Exhibit 8.6N shows an increase in supply to the MISO Illinois region as a result of the addition of MVP-16. MidAmerican Exhibit 8.6N shows that the addition of the MVP-16 project would increase the supply of electricity into the MISO Illinois region which is a pro-competitive outcome consistent with Section 8-406 of the Public Utilities Act. MidAmerican Exhibit 8.0N at 16-21.

Staff witness Greg Rockrohr concluded that MidAmerican needed to provide additional information to demonstrate that the proposed line is necessary. Specifically, Mr. Rockrohr recommended that MidAmerican provide additional information on the effects of another project recently approved by the Commission; that of the Rock Island Clean Line LLC ("RICL") approved in Docket No. 12-0560 on November 25, 2014. Mr. Rockrohr stated that MidAmerican adequately demonstrated that MVP-16 promotes the development of an effectively competitive electricity market without the RICL project, but had not demonstrated that the MVP-16 line promotes the development of an effectively competitive electricity market with the addition of the RICL project. Mr. Rockrohr recommended that MidAmerican provide additional information that reflected the existence of the RICL project. ICC Staff Exhibit 1.0N (Rev.) at 9.

In response to Mr. Rockrohr's recommendations, MidAmerican filed the rebuttal testimony of Mr. Mielnik, Mr. Swanson and Dr. Schatzki. Mr. Mielnik explained that the design of the RICL project does not impact the need for the MVP-16 project and that the MVP-16 project resolves and mitigates constraints even if the RICL project was to be placed in-service. In addition, Mr. Mielnik addressed the possible impact of a second project – that of Commonwealth

Edison Company's Grand Prairie Gateway Project approved in Docket No. 13-0657 ("Gateway Project") - on the need for MVP-16.

Mr. Mielnik discussed the differences in the purpose and the need for the MVP-16 and RICL projects. In particular, Mr. Mielnik noted that many of the benefits of the MVP-16 project are derived from the many connections between the alternating current ("AC") MVP projects and the existing AC transmission system in MISO. In contrast, the RICL project is a direct current ("DC") proposed line that is designed to collect wind resources from northwest Iowa, convert the wind power from AC to DC, then transmit the DC current to a location near Chicago, convert the power from DC back to AC, and deliver it to Commonwealth Edison Company's Collins Substation. The wind resources, the two converters, the DC line, and the Collins Substation are all expected to be within the PJM Interconnection ("PJM") footprint; not the MISO footprint. As a result, the RICL project is designed to primarily provide wind power benefits to the PJM footprint and not in the MISO footprint. Therefore, the proposed RICL project will not impact the need for, or the benefits of, the MVP-16 project. MidAmerican Exhibit 10.0N at 4-5.

Mr. Mielnik also testified that MidAmerican had conducted steady-state power flow analyses to determine the impacts of MVP-16 on power flow constraints with and without the RICL and/or Gateway Project being in-service prior to 2021. The results of MidAmerican's power flow analyses show that MVP-16, by itself, resolves or partially mitigates the power flow on twelve constraints without the RICL and Gateway Project being in-service. MidAmerican Exhibit 10.0 N at 7-8. In addition, the results of MidAmerican's power flow analyses show that MVP-16 resolves or partially mitigates the power flow on ten constraints with RICL in-service but without the Gateway Project. MidAmerican Exhibit 10.0N at 8-9. Further, the results of MidAmerican's power flow analyses show that MVP-16 resolves or partially mitigates the power flow on ten constraints with the Gateway Project in-service but without the RICL project. MidAmerican Exhibit 10.0 N at 9-10. Finally, the results of MidAmerican's power flow analyses show that MVP-16 resolves or partially mitigates the power flow on ten constraints with both the RICL project and the Gateway Project being in-service. MidAmerican Exhibit 10.0N at 10-11. Mr. Mielnik concluded that the MVP-16 project is still needed to resolve loading on constraints, mostly in Illinois, whether or not the RICL project and/or the Gateway Project are in-service. MidAmerican Exhibit 10.0N at 11.

Mr. Swanson responded to three issues: (1) the effect of rebuilding the 161 kV Oak Grove to East Galesburg line without building the Oak Grove to Sandburg 345 kV line; (2) the possible impact of the proposed RICL project on the need to construct the MVP-16 project; and (3) to explain that power flow analysis shows that the Gateway Project does not impact the reliability-based need for MVP-16.

Mr. Swanson testified that there were overload conditions on the East Galesburg 161-138 kV transformers that rebuilding the Oak Grove to East Galesburg 161 kV will not resolve. Further, a rebuilt 161 kV line from Oak Grove to East Galesburg would provide only 26% of the capacity of the Oak Grove to Sandburg 345/161 kV line at over five times the cost. MidAmerican Exhibit 11.0N at 4-8.

Mr. Swanson also confirmed that the Oak Grove to Sandburg 345 kV line will eliminate contingency overload conditions on the Oak Grove to Mercer 161 kV shoulder load levels if the RICL project is in-service with or without the Gateway Project also being in-service. MidAmerican Exhibit 11.0N at 8-11; MidAmerican Exhibits 11.2N, 11.3N, 11.4N, 11.5N, and 11.6N. Mr. Swanson summarized his analyses by stating that neither the RICL project nor the Gateway Project, or the combination of both, will significantly impact the need for the Oak Grove to Sandburg 345 kV line [MVP-16]. MidAmerican Exhibit 11.0N at 11.

Dr. Schatzki also responded to Mr. Rockrohr's question about any impact of the RICL project on the need for MVP-16. Dr. Schatzki evaluated the impacts of MVP-16 on locational marginal prices, customer payments, and power supplies under several cases in which the RICL project and the Gateway Project were assumed to be in-service. Dr. Schatzki first noted that the RICL project, as a merchant transmission project, would likely require fixed payments for use of the line's capacity plus fees associated with the flow of power over the line. This is in contrast to the MVP-16 project whose costs are recovered through payments by load. He noted that the Federal Energy Regulatory Commission has already approved cost recovery for all MVP projects through the MISO transmission tariff through payments by load. In contrast, cost recovery for the RICL merchant project will require securing commitments for long-term contracts for the capacity of the line in an amount sufficient to develop the project and produce a reasonable return. MidAmerican Exhibit 14.0N at 7-9.

Dr. Schatzki also noted that the developers of the RICL project have recognized that its project is not designed to compete with or be a substitute for the transmission services provided by MISO's MVP Portfolio, but is instead designed to support the delivery of power into PJM.

Dr. Schatzki evaluated three additional scenarios in his rebuttal testimony: (1) with the Gateway Project only being in-service; (2) with the RICL project [at 700 MW] and Gateway Project both being in-service; and (3) with the RICL project [at 3,500 MW] and the Gateway Project both being in-service. Dr. Schatzki's analyses showed that wholesale electric energy prices in the MISO Illinois region, as measured by the average locational marginal prices, are lower with MVP-16 in service for all cases, with one exception. In addition, MVP-16 will lead to substantial reductions in payments by customers in the MISO Illinois region. MVP-16 would also increase electricity supply into the MISO Illinois region for all of the cases and scenarios evaluated. Dr. Schatzki concluded that MVP-16 will provide pro-competitive benefits even with the RICL project and the Gateway Project in-service. Each of the outcomes is consistent with "the development of an effectively competitive electricity market" and is consistent with the requirements of Section 8-406 of the Public Utilities Act. MidAmerican Exhibit 14.0N at 14-20; MidAmerican Exhibits 14.1N, 14.2N and 14.3N.

In his rebuttal testimony, Staff witness Greg Rockrohr testified that MidAmerican had successfully demonstrated that its proposed 345 kV transmission line will promote the development of an effectively competitive electricity market that operates efficiently, is equitable to all customers, and is the least cost means of satisfying those objections whether the RICL project is completed or not. Mr. Rockrohr concluded that MidAmerican's demonstration satisfies the requirements of the second criterion path included in Section 8-406(b) of the Public Utilities

Act which the Commission uses to determine whether a utility should construct an electric transmission line. ICC Staff Exhibit 3.0N at 2.

In reviewing Mr. Mielnik's rebuttal testimony, Mr. Rockrohr concluded that the information provided adequately demonstrated that a need for the MVP-16 Project in its entirety exists even if one or both of the transmission lines approved in Docket Nos. 12-0560 [RICL] and 13-0657 [Gateway Project] are constructed. ICC Staff Exhibit, at 4-5. Mr. Rockrohr also agreed with Dr. Schatzki that MVP-16 will allow Illinois customer access to additional renewable energy from wind resources to the west of Illinois. He noted that Dr. Schatzki's studies indicated that locational marginal prices, and therefore customer payments for energy, will be lower if MVP-16 is constructed regardless of whether the RICL project and the Gateway Project are built. In addition, Dr. Schatzki's study indicates that MVP-16 will increase the availability of wind energy in every future scenario considered regardless of whether the RICL project and/or the Gateway Project are built. ICC Staff Exhibit 3.0N, at 5-6. In response to Mr. Swanson's rebuttal testimony, Mr. Rockrohr stated that Mr. Swanson had adequately demonstrated that even if one or both of the RICL project and Gateway Project are completed, MVP-16 or some alternative project will be necessary to mitigate overloads on the Oak Grove to East Galesburg 161 kV line. Mr. Rockrohr concluded that MidAmerican's proposed double-circuit 345 kV/161 kV transmission line between Oak Grove and Sandburg is the superior method to address projected transmission system overloads, especially since Dr. Schatzki's rebuttal testimony separately demonstrates that MidAmerican's proposed 345 kV line will also promote the development of an effectively competitive electricity market that operates efficiently and is equitable to all customers. As Mr. Rockrohr noted, the same 345 kV line that adequately relieves the overloads that Mr. Swanson's rebuttal testimony identifies will also mitigate transmission constraints that Mr. Mielnik's rebuttal testimony identifies, and promote the development of an effectively competitive market, as Dr. Schatzki's rebuttal testimony demonstrates. ICC Staff Exhibit 3.0N at 9.

Mr. Rockrohr summarized his conclusions as follows:

> I conclude that the primary benefit MEC's proposed 345 kV line would provide, if built, would be to promote the development of an effectively competitive electricity market that operates efficiently and is equitable to all customers. MEC's proposed 345 kV line, which is a component of MVP-16, therefore satisfies the second criteria identified in Section 8-406(b) of the Act (promote development of an effectively competitive market) by providing access to lower cost generation to satisfy RPS requirements. In rebuttal testimony, MEC adequately demonstrates that its proposed 345 kV line, as part of MVP-16, would promote the development of an effectively competitive market even if one or both the Rock Island Clean Line project (approved in Docket No. 12-0560) and ComEd's Grand Prairie Gateway project (approved in Docket No. 13-0657) are constructed. MEC's proposed 345 kV line will also mitigate transmission system constraints, including projected overloads on the 161 kV line that will supply AIC's proposed Mercer Substation. These transmission system constraints could be mitigated by different transmission project(s), but at greater cost to MEC's customers, since those different projects and costs would not be part of MISO's

> MVP portfolio, and therefore would be allocated only to MEC's customers rather than across the MISO footprint.

ICC Staff Exhibit, at 10. Mr. Rockrohr recommends, however, that the Commission's approval of MEC's request be contingent upon the Commission's approval of ATXI's concurrent request for a CPCN for the southern portion of MISO's MVP-16, covered in Docket No. 14-0514. Staff Ex. 3.0, 5.

The Commission finds that MidAmerican's proposed 345 kV line, as part of the MVP-16 Project, would promote the development of an effectively competitive electricity market that operates efficiently and is equitable to all customers.

V. OTHER ISSUES

A. Proposed line route and related issues

The proposed route of the line would start at MidAmerican's existing Oak Grove Substation in Rock Island County and continue southeasterly along an existing MidAmerican 161-kV line corridor through Rock Island, Mercer, Henry, and Knox Counties to a proposed ATXI substation near Galesburg. MidAmerican witness K. Thomas Albertson, Manager High Voltage Engineering, testified that MidAmerican reviewed potential line routes for its project and determined that the use of the existing line corridor provided several benefits. The use of an existing corridor avoids new land-related disturbances by locating the new line within an area already affected by an existing line. Mr. Albertson also testified that MidAmerican adjusted the proposed route to accommodate requests from landowners. MidAmerican Exhibit 2.0 at 4-5.

In addition to the benefit of using an existing line route, MidAmerican's proposed double-circuit line provides other benefits to landowners. The use of single pole steel structures reduces the impact on property owners as there will be significantly fewer poles installed along the route. The existing 161 kV line uses over 480 wood poles to make up the multi-pole wood H-frame structures. This compares to only 188 single pole steel structures that will be used on the proposed line. Mr. Albertson also noted that single pole structures would be easier to farm around since there will no longer be two poles side-by-side at a single location. MidAmerican Exhibit 2.0 at 7-8.

Mr. Albertson also noted that there will not be any guy wires or anchors used for the new single pole steel structures. The use of drilled shaft reinforced concrete foundations will enable MidAmerican to remove the guy wires and anchors that are currently in place. In addition, these self-weathering steel structures do not normally have to be replaced as they age, as is the case with the wood poles, or painted, as is the case with painted steel poles. The cost of routine maintenance is thereby lowered. Further, MidAmerican is not required to access the easement area as often resulting in less inconvenience to landowners and less chance of damage to growing crops or compaction to the land. MidAmerican Exhibit 2.0 at 8-9.

Mr. Albertson also testified in support of MidAmerican's request for a 150-foot wide easement for the proposed line. Mr. Albertson testified that the easement width of 150 feet was

necessary for the safe operation of the line. One of the benefits of the proposed line is the reduction in the number of structures required due to the greater span lengths between structures. Increasing the line span lengths results in additional conductor wind-related displacement requiring a greater easement width. MidAmerican is also proposing to construct the double-circuit line with conductors on both sides of the structure. This requires additional separation between the conductors to be maintained under all weather conditions. In addition, the proposed single pole structures will be taller that the 161-kV poles now in place. Further, Mr. Albertson testified that MidAmerican is subject to the North American Electric Reliability Corporation's vegetation management requirements. These requirements provide that transmission owners manage vegetation to prevent encroachments into their lines to avoid line outages. MidAmerican's proposed 150-foot easement width addresses these requirements and is consistent with the easement widths for other MidAmerican 345 kV lines. MidAmerican Exhibit 2.0 at 12-14

Mr. Rockrohr agrees that MidAmerican's proposed route is the least cost route available. He concludes that landowners along this proposed route would generally benefit because MidAmerican plans to remove its existing 161 kV line, including its existing multi-pole wooden structures, and replace those multi-pole wooden structures with single-shaft steel poles. The new steel poles, Mr. Rockrohr contends, would be less of an obstacle for farmers. In addition, since greater span lengths would be possible using the steel poles, MidAmerican would require fewer poles compared to the number of multi-pole wooden structures required for the existing 161 kV line. Staff Ex. 1.0(R) at 8-9.

The Commission finds that MidAmerican's proposed route along the existing 161 kV corridor, adjusted to accommodate the described requests from landowners, is reasonable and is hereby approved.

B. Splitting of Existing 161 kV Certificate Should be Approved.

In his direct testimony, Staff witness Greg Rockrohr suggested that the Commission issue two CPCN's for MidAmerican's new 161 kV line between Oak Grove and the Galesburg area to replace the CPCN for the existing 161 kV transmission line: one for the segment from ATXI's proposed Mercer Substation and one for the segment from ATXI's Mercer Substation to ATXI's proposed Sandburg Substation that is adjacent to the East Galesburg Substation. Mr. Rockrohr made this suggestion because MidAmerican and ATXI explained in ICC Docket No. 14-0572 that ownership of the southern 17 miles of MidAmerican's rebuilt 161 kV line will transfer from MidAmerican to ATXI. Mr. Rockrohr noted that the CPCN for the existing 161 kV line was originally issued to MidAmerican's predecessor corporation, Iowa-Illinois Gas and Electric Company, in 1955. Once the existing 161 kV line is rebuilt as the double-circuit 345 kV/161 kV line, the issuance of two CPCNs for the rebuilt 161 kV line would enable the Commission to later readily transfer the CPCN for the Mercer Substation to Sandburg Substation segment of the 161 kV line to ATXI. Mr. Rockrohr also suggested that this approach would then accurately reflect the route of the new double-circuit 345 kV/161 kV line that MidAmerican proposes to construct. ICC Staff Exhibit 1.0(R) at 14-18.

In his rebuttal testimony, MidAmerican witness Steve J. Ambrose stated that MidAmerican supported Mr. Rockrohr's suggestion.

The Commission finds that Mr. Rockrohr's recommendation is reasonable and should be adopted for the reasons suggested.

VI. FINANCING THE PROPOSED CONSTRUCTION

Section 8-406 (b) (3) of the Public Utilities Act requires that the utility demonstrate "that the utility is capable of financing the proposed construction without significant adverse financial consequences for the utility or its customers". 220 ILCS §5/8-406 (b) (3).

MidAmerican witness Thomas B. Specketer, Vice President and Chief Financial Officer, testified that the funds for the construction of this project would be provided from a combination of long-term debt and equity. Mr. Specketer testified that MidAmerican is capable of financing the construction of this project without adverse consequences because the project represents only a small percentage of MidAmerican's total annual capital needs for the next three years; MidAmerican's regulatory authorization to conduct long-term and/or short term financing is sufficient for the project; MidAmerican has access to short-term credit facilities, long-term capital markets and additional equity; and the Federal Energy Regulatory Commission has authorized construction work in progress related to the MVP-16 Project to be included in rate base prior to the in-service date of the project. MidAmerican Exhibit 7.0 at 7-8.

Staff witness Michael McNally, Senior Financial Analyst in the Finance Department of the Financial Analysis Division, concluded that MidAmerican was capable of financing the proposed construction without significant adverse financial consequences for the Company or its customers. Mr. McNally testified that the estimated cost of the proposed construction is diminutive relative to MidAmerican's total utility plant and operating revenue in that the total cost represents 0.795% of MidAmerican's net utility plant and 2.67% of its total utility operating revenue. In addition, Mr. McNally testified that the funds for the project are included in MidAmerican's capital budget forecast which averages more than $1 billion per year over the next three years and of which the project constitutes no more than 12% in any single year. ICC Staff Exhibit 2.0 at 2.

As a result, the Commission finds that MidAmerican is capable of financing the proposed construction without significant adverse consequences for MidAmerican or its customers.

VII. MANAGING AND SUPERVISING CONSTRUCTION

Section 8-406(b)(2) of the Public Utilities Act requires that the utility demonstrate "that the utility is capable of efficiently managing and supervising the construction process and has taken sufficient action to ensure adequate and efficient construction and supervision thereof." 220 ILCS § 5/8-406(b)(2).

MidAmerican witness Steve J. Ambrose, Project Manager High Voltage Transmission, testified that MidAmerican currently owns and operates over 4,300 miles of electric transmission

lines in the States of Illinois, Iowa, Missouri and South Dakota. Approximately 1,000 miles of these lines are operated at a voltage of 345 kV. Mr. Ambrose further testified that MidAmerican is currently seeking approvals for two similar major projects in Iowa. These projects total approximately 192 miles and would also be 345 kV/161 kV double-circuit lines. Similar to the projects in Iowa, MidAmerican will utilize the services of a qualified engineering, procurement and construction contractor ("EPC") for the proposed project. Once the EPC contract has been awarded, detailed engineering will be performed and major materials will be procured with the involvement and approval of MidAmerican. MidAmerican Exhibit 1.0 at 5-7.

Mr. Rockrohr acknowledged MidAmerican's experience with similar transmission lines and projects and stated he had no reason to doubt MidAmerican's capability in constructing the proposed 345-kV line. Staff Ex.1.0(R) at 7.

As a result, the Commission finds that MidAmerican is capable of efficiently managing and supervising the construction process and has taken sufficient action to ensure adequate and efficient construction supervision thereof.

VIII. RELIEF PURSUANT TO SECTION 8-503

MidAmerican also requests that the Commission authorize the construction of the proposed line pursuant to Section 8-503 of the Public Utilities Act. Petition at 6-7.

Section 8-503 of the Public Utilities Act provides that when the Commission determines that additions to existing plant are necessary and ought reasonably to be made, or that a new structure or structures ought to be erected, the Commission "shall make and serve an order authorizing or directing that such additions… be made or structure or structures be erected…"

As discussed previously, MidAmerican witnesses Mr. Mielnik, Mr. Swanson, and Dr. Schatzki testified as to the need for, and the benefits of, the MVP-16 Project.

Staff witness Greg Rockrohr recommends that the Commission grant MidAmerican's request for an order pursuant to Section 8-503 of the Public Utilities Act. ICC Staff Exhibit 3.0 at 5. Mr. Rockrohr recommends that the Commission's approval of MEC's request should be contingent upon the Commission's approval of ATXI's concurrent request for a CPCN for the southern portion of MISO's MVP-16, covered in Docket No. 14-0514. ICC Staff Ex. 3.0, 5.

For the reasons set forth herein, the Commission finds that the Project is necessary and authorizes and directs its construction pursuant to Sections 8-503 and 8-406 of the Public Utilities Act.

IX. REQUEST FOR GRANT OF EMINENT DOMAIN

MidAmerican requests that it be granted the right of eminent domain pursuant to Section 8-509 of the Public Utilities Act to obtain the remaining necessary right-of-way across the unsigned tracts along the route of the proposed line. MidAmerican witness David A. Lane, Senior Right-of-Way Agent, testified that 128 easements will be required for the project. Mr.

Lane testified that, at the time the Petition was filed, a total of 111 easements had been obtained. However, MidAmerican continued to negotiate with landowners during the proceeding. As of May 21, 2015, MidAmerican had obtained a total of 121 easements. Mr. Lane noted that seven easements had not been obtained; four in Rock Island County, one in Mercer County, and two in Knox County. MidAmerican Exhibit 12.2.

Mr. Lane testified that MidAmerican started to negotiate easements in November 2013, after the informational packet had been filed with the Commission and informational letters had been mailed to the landowners. MidAmerican Exhibit 5.0 at 3-4, 6. Mr. Lane further testified that MidAmerican had engaged in good faith negotiations with the landowners but had not been able to obtain the remaining easements. Mr. Lane provided summaries of MidAmerican's efforts to obtain easements from each of the landowners who had not signed easements. In each instance, MidAmerican had made multiple contacts with the landowner, identified the issues that were the source of contention and attempted to address the landowner's concerns. Given the status of negotiations, negotiations with the seven remaining landowners are at an impasse and the grant of eminent domain is necessary for the timely construction of the line. MidAmerican filed detailed exhibits identifying the rights sought. MidAmerican Exhibit 5.0 at 6-33; MidAmerican Exhibit 12.0 at 3-9; MidAmerican Exhibit 12.2; MidAmerican Exhibit 5.1-Revised; MidAmerican Exhibit 5.2-Second Revised; MidAmerican Exhibit 5.3-Second Revised; MidAmerican Exhibit 5.1.1 Revised; MidAmerican Exhibit 5.1.1.5; MidAmerican Exhibit 5.1.2; MidAmerican Exhibit 5.1.3 Revised; MidAmerican Exhibit 5.2.4 Revised; MidAmerican Exhibit 5.3.2; and MidAmerican Exhibit 5.3.4.

Staff witness Greg Rockrohr testified that the Commission has previously considered five criteria to evaluate whether the granting of eminent domain is appropriate for the MVP-16 Project: (1) the number and extent of contacts with landowners; (2) whether the utility has explained its offers of compensation; (3) whether the offers of compensation are comparable to offers made to similarly situated landowners; (4) whether the utility has made an effort to address landowner concerns; and (5) whether further negotiations will likely prove fruitful. ICC Staff Exhibit 1.0(R) at 11.

Mr. Rockrohr concluded that MidAmerican had made reasonable attempts to contact each landowner in an effort to acquire easements and that MidAmerican witness Mr. Lane's testimony demonstrated that the number and extent of MidAmerican's contacts were adequate. ICC Staff Exhibit 1.0(R) at 11-12. In response to Mr. Rockrohr's suggestion, Mr. Lane provided a table summarizing the number of times MidAmerican had contacted each landowner. MidAmerican Exhibit 12.0 at 8-9.

Mr. Rockrohr also concluded that MidAmerican had adequately explained the basis for its offers of compensation to landowners. ICC Staff Exhibit 1.0(R) at 12. MidAmerican provided an explanation of the methodology used to determine the offers it made for easements. That methodology was based on actual land sales in the area and included proposed payments for the area utilized, pole payments, and miscellaneous payments such as for the relocation of facilities within the existing corridor. ICC Staff Exhibit 1.0(R), Attachment A.

Mr. Rockrohr also confirmed that MidAmerican had used a consistent methodology when determining its offers of compensation to landowners. ICC Staff Exhibit 1.0(R) at 12. MidAmerican utilized the same "Methods and Factors Easement Payment Calculation Sheet" for all parcels. ICC Staff Exhibit 1.0(R) Attachment A. Mr. Rockrohr stated the methodology was a reasonable one. ICC Staff Exhibit 1.0(R) at 12.

In addition, Mr. Rockrohr cited examples from Mr. Lane's testimony in which MidAmerican had agreed to changes requested by landowners as part of the negotiations for easements. Mr. Rockrohr concluded that MidAmerican had attempted to address landowners' concerns. ICC Staff Exhibit 1.0(R) at 13-14.

Mr. Rockrohr testified that more than a year had passed since MidAmerican began its negotiations with landowners and that negotiations require the participation of both parties. Mr. Rockrohr did not know whether further negotiations would be fruitful, but concluded that MidAmerican's request for eminent domain authority appeared to be reasonable. ICC Staff Exhibit 1.0(R) at 14. Mr. Rockrohr noted that MidAmerican had continued to negotiate with landowners since the filing of its Petition and that the additional easements obtained were a positive result. ICC Staff Exhibit 3.0, at 3. Staff witness Greg Rockrohr recommends that the Commission's approval of MEC's request should be contingent upon the Commission's approval of ATXI's concurrent request for the southern portion of MISO's MVP-16, covered in Docket No. 14-0514. ICC Staff Ex. 3.0, 5.

The Commission finds that because the Section 8-406(b) requirements are met based on the MVP-16 Project in its entirety, MidAmerican should be granted the right of eminent domain pursuant to Section 8-509 of the Public Utilities Act to obtain the remaining rights-of-way which are necessary for the construction of the proposed project, only on the condition that the Commission also approves a CPCN for the MVP-16 Project subject to companion Docket No. 14-0514. MidAmerican is granted the right of eminent domain for the following parcels:

County	Tract Number	Owner Name	MidAmerican Exhibit
Rock Island	IL-RI-0010	Wayne Coyne Trust	5.1.0 Revised (3-5-15)
Rock Island	IL-RI-0011	Curtis/Denise Coyne Trust	5.1.1.5 (3-5-15)
Rock Island	IL-RI-0020	Donald Hardesty	5.1.2 (8-4-14)
Rock Island	IL-RI-0060	James/Lisa Coyne Trust	5.1.3 Revised (3-5-15)
Mercer	IL-MR-0310	Wells Fargo Bank, Trustee	5.2.4 Revised (3-5-15)
Knox	IL-KN-1170	Scott Howe	5.3.2 (8-4-14)
Knox	IL-KX-1260	Lundeen Trusts	5.3.4 (8-4-14)

X. FINDINGS AND ORDERING PARAGRAPHS

Having given due consideration to the entire record and being fully advised in the premises, the Commission is of the opinion and finds that:

(1) the Commission has jurisdiction over MidAmerican and the subject matter of this proceeding;

(2) the facts recited and conclusions reached in the prefatory portion of this Order are supported by the evidence and are hereby adopted as findings herein;

(3) the proposed construction of the MVP-16 Project, as and to the extent found appropriate above, and subject to the conditions found reasonable herein, will promote the public convenience and necessity; the record demonstrates that: (1) the proposed construction of MVP-16 in its entirety as found appropriate above is necessary to provide adequate, reliable, and efficient service to MidAmerican's customers and is the least-cost means of satisfying the service needs of the customers; (2) MidAmerican is capable of efficiently managing and supervising the construction process and has taken sufficient action to ensure adequate and efficient construction and supervision thereof for the MVP-16 Project subject to Docket No. 14-0494; and (3) MidAmerican is capable of financing the proposed construction without significant adverse financial consequences for the utility or its customers;

(4) MidAmerican should be granted a certificate of public convenience and necessity authorizing the construction, operating and maintenance of the MVP-16 Project subject to Docket No. 14-0494, *i.e.* the 345 kV line in Rock Island, Mercer, Henry, and Knox Counties, Illinois over the route found appropriate above, on the condition that the Commission also approves the ATXI request in the companion Docket No. 14-0514;

(5) two certificates of public convenience and necessity should be issued for the new 161 kV line between Oak Grove and the Galesburg area to replace the certificate of public convenience and necessity for the existing 161 kV line in the manner and for the reasons set forth above;

(6) MidAmerican should be authorized and directed to construct the MVP-16 Project subject to Docket No. 14-0494 pursuant to Section 8-503 of the Act, on the condition that the Commission also approves the ATXI request regarding the MVP-16 Project subject to Docket No. 14-0514.

(7) MidAmerican is granted the use of eminent domain to acquire the remaining necessary rights-of-way for the construction of the proposed project.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that a Certificate of Public Convenience and Necessity shall be issued to MidAmerican Energy Company pursuant to Section 8-406 of the Public Utilities Act, and that said certificate shall read as follows:

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

IT IS HEREBY CERTIFIED that the public convenience and necessity require (1) construction, operation, and maintenance of the MVP-16 Project by MidAmerican Energy Company of the 345 kV line in Rock Island, Mercer, Henry, and Knox Counties, Illinois over the

routes found appropriate above, and (2) the transaction of an electric public utility business in connection therewith, all as herein before set forth, on the condition that the Commission also approves the MVP-16 Project subject to Docket No. 14-0514.

IT IS FURTHER ORDERED that MidAmerican is authorized and directed to construct the MVP-16 Project subject to Docket No. 14-0494 pursuant to Section 8-503 of the Act, on the condition that the Commission also grants the ATXI request in companion Docket No. 14-0514.

IT IS FURTHER ORDERED that MidAmerican is authorized to use eminent domain pursuant to Section 8-509 of the Act.

IT IS FURTHER ORDERED that Petitioners shall comply with all reporting requirements, conditions and other determination set forth in this order, and the authorizations granted in this order are conditioned thereon.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By Order of the Commission this __th day of _____, 2015.

(SIGNED) /s/ _____

Administrative Law Judge